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Report to Congressional Requesters

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April 1988

# FEDERAL WORKFORCE

# Use of Temporary Employees at Three Puget Sound Naval Installations

GAO/GGD-88-76

GAO

United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-221799

April 18, 1988

The Honorable Brock Adams
United States Senate

The Honorable Norm Dicks
House of Representatives

The Honorable Al Swift
House of Representatives

This report responds to your request for an analysis of the policies followed by three Puget Sound naval installations in hiring temporary employees, with particular attention to the Puget Sound Naval Shipyard (Shipyard). You requested that we determine whether the installations (1) adhered to Office of Personnel Management (OPM) requirements for hiring temporary employees and (2) notified temporary employees at the time of appointment that they would not receive the full range of benefits available to permanent workers.

## Results in Brief

The latest information available at each of the locations at the time of our visits in November 1987 showed that 12.0 percent of the Shipyard's workforce had temporary appointments, as compared to 7.2 percent at the Trident Refit Facility and 2.3 percent at the Naval Undersea Warfare Engineering Station.

Of the three installations, only the Shipyard did not fully adhere to the intent of the OPM requirements for making temporary employee appointments. However, both OPM and Shipyard officials believed that OPM's guidance on the matter was unclear. Personnel offices at all three installations exercised reasonable care in notifying employees of the limited benefits available to workers in temporary positions (see app.).

## Authority for and Use of Temporary Employees by the Three Installations

In general, appointments to positions in the federal government must be made competitively unless they are specifically excepted from Civil Service laws by statute, the President, or OPM. With few exceptions, competitive service appointments, whether temporary or permanent, must be made from OPM registers that list eligible candidates. OPM allows agencies to make competitive appointments outside the OPM registers only if insufficient numbers of eligible applicants are available from the OPM registers or OPM has delegated appointment authority to the agencies.

In January 1985, OPM delegated a new authority allowing agencies to greatly expand their employment of temporary workers without prior OPM approval. Under this authority, agencies may make temporary competitive appointments from their own registers for white-collar employees at grades GS-12 and below for 1 year or less and may extend these appointments without OPM approval in increments of up to a year for a total not to exceed 4 years. Previously, agencies' authority was limited to making temporary white-collar appointments at grades GS-7 and below for up to 1 year and extensions were allowed for only 1 year. The new authority further permitted the same extensions of appointments for blue-collar employees and continued to allow agencies to make temporary appointments of blue-collar employees at all grades.

In granting the expanded authority, OPM stated it was intended to help agencies take full advantage of the flexibilities provided by temporary employment and to allow them to use the new authority in any situation they deemed appropriate. Examples of such situations, according to OPM guidance, would be to counter uncertain funding or workload, to contend with a declining workload, or to prepare for an anticipated reorganization.

Officials at all three Puget Sound naval installations said they were using temporary employees to meet fluctuations in workload or because their funding levels were uncertain. Our analysis of the Shipyard's employment and workload trends since 1983 indicated that temporary employment levels generally followed workload levels. However, the Shipyard officials also said that the Shipyard used temporary employees to help it be more competitive with other shipyards. These officials said that temporary employees can be more quickly hired and terminated than permanent employees, enabling the Shipyard to be more flexible in dealing with a fluctuating workload. Temporary employees also cost less than permanent employees of the same grade level because temporary employees are not covered by the government retirement program, the life and health insurance programs, or the severance pay program. According to OPM officials, competitiveness is not an appropriate reason for hiring temporary employees, but they acknowledged that the OPM guidelines are unclear.

OPM requires agencies to obtain its approval for any extension of temporary appointments beyond 4 years. We found that 6 of the Shipyard's 1,479 temporary employees had worked continuously for more than 4 years. None of the temporary employees at the other two installations had worked longer than 4 years. Shipyard officials said they did not

request OPM approval to extend any of the six employees with more than 4 years' service because each was continued in his position through more than one appointment authority (rather than repeated extensions of the original appointment), which they believed restarted the 4-year restriction. OPM officials said the Shipyard's actions were improper, but they also said the OPM guidelines on appointment extensions were unclear.

The OPM officials said OPM plans to issue clarifying guidance on the temporary appointment authority. Among other things, they said it will include examples of acceptable as well as unacceptable reasons for making temporary appointments and a clearer definition of the 4-year service limitation. They said the revised guidance would be part of a complete revision of the Federal Personnel Manual planned for issuance in December 1988. Shipyard officials said they would take appropriate action to prevent any further misunderstanding.

## Notification of Benefit Program Limitations to Temporary Employees

We found that each of the three installations used reasonable care to notify their temporary employees at the time they were hired that they would not receive retirement and life and health insurance benefits. The appointment documentation form (SF-50 Notification of Personnel Action) noted the benefits limitations. At the time of hiring, each installation is required to provide a copy of the completed form to each of its temporary employees for his or her records in accordance with OPM policy. The Shipyard also provided its temporary appointees with a letter further explaining the conditions and limitations of temporary employment.

## Scope and Methodology

We did our work between November 1987 and March 1988 in accordance with generally accepted government auditing procedures. We visited each installation and reviewed its personnel records, files, manuals, and procedures for hiring temporary workers. Using the installations' personnel data bases we determined the numbers and types of temporary workers the installations employed. The installations also provided us with their actual and planned workload data since 1983. We did not verify any of the installations' records. We interviewed officials and temporary employees and local union officials at the installations for their respective views on the temporary employment practices followed. We also interviewed officials at OPM and the Naval Sea Systems Command, to whom the Shipyard reports.

As you requested, we did not obtain official comments on this report from the Department of the Navy, OPM, or the three installations. However, we discussed the report's contents with officials from each agency and installation and incorporated their comments where appropriate. The officials generally agreed with the information provided.

As arranged with your offices, we plan no further distribution of this report for 5 days from the date of this letter unless you publicly announce its contents earlier. At that time, we will send copies to interested parties and make copies available to others upon request. If we can be of further assistance, please call me on 275-4232 or Rosslyn Kleeman on 275-6204.

Bernard L. Ungar

Bernard L. Ungar
Associate Director

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## Abbreviations

| | |
|---|---|
| DOD | Department of Defense |
| GS | General Schedule |
| OPM | Office of Personnel Management |
| WG | Wage Grade |

# Use of Temporary Employees at Three Puget Sound Naval Installations

## What Requirements Govern the Employment of Temporary Workers?

The Office of Personnel Management (OPM) is responsible for establishing policies and guidelines on hiring federal employees, both permanent and temporary. OPM issued letters to agencies in 1980 and 1982 prescribing the general framework for hiring temporary employees. In January 1985, OPM made a major revision to temporary employment policies. The revision encouraged greater use of temporary employees and extended the length of time they can be used to fill positions.

Agencies can competitively select temporary employees at any grade level from registers of eligible candidates maintained by OPM. However, the January 1985 revision gave federal agencies new authority to make and extend competitive temporary appointments from their own registers. It allowed agencies greater authority to make temporary appointments and extend the appointments without prior OPM approval in up to 1-year increments, to a total not to exceed 4 years. Extensions beyond 4 years still require OPM's approval.

The January 1985 authority encouraged agencies to use temporary employees in any situations they deemed appropriate. OPM suggested such situations could include, but were not limited to,

- filling any vacancies that occur in commercial activities being studied for possible contracting out under Office of Management and Budget Circular A-76,
- staffing continuing positions when future funding and workload levels are uncertain or when it is anticipated that funding levels will be reduced or the activity will be reorganized, and
- filling permanent positions temporarily in order to save them for career or career-conditional employees expected to be displaced from other activities or organizations.

The revision raised to GS-12 the grade level to which temporary appointments of white-collar employees could be made from agency registers. Previously, the agencies' delegated temporary appointment authority was limited to positions at GS-7 and below. Temporary appointments of blue-collar employees at any grade from agency registers were allowed under previous authority delegated to agencies by OPM. The revised authority permitted extensions of temporary blue-collar employee appointments for up to 4 years (formerly up to 2 years) without OPM approval in the same manner as white-collar employees.

In July 1985, OPM advised agencies that they must notify temporary appointees why their positions were temporary and describe the conditions of temporary employment. Subsequently, OPM required agencies to indicate on the appointment form (SF-50 Notification of Personnel Action) the reason for the temporary appointment and a statement that the conditions of temporary employment were explained to the employee.

In a Federal Personnel Manual letter of February 17, 1987, OPM summarized the key requirements for the proper use of the temporary appointment authority. It restated the earlier guidance and documentation requirements and emphasized the importance of notifying employees why their appointments were temporary, as follows:

"To insure that candidates for temporary limited appointments understand the special conditions which apply to temporary employment and to protect agencies from subsequent claims that the terms and conditions of temporary employment were misrepresented or misunderstood, agencies must indicate the reason the appointment is being made on a temporary basis in the remarks section of the Notification of Personnel Action (SF-50)."

## How Do the Benefits Received by Temporary Employees Differ From Those Received by Permanent Employees?

Temporary employees are not eligible to participate in a number of benefit programs available to permanent employees. The benefits that permanent and temporary employees receive are listed in table I.1.

**Table I.1: Benefits Received by Permanent and Temporary Employees[a]**

| Benefit | Appointment | |
|---|---|---|
| | Permanent | Temporary |
| Retirement | Yes[b] | No |
| Thrift Savings Plan | Yes | No |
| Life insurance | Yes | No |
| Health insurance | Yes | No |
| Severance pay | Yes | No |
| Social Security | | |
| Employed before 1/1/84 | No[b] | Yes |
| Employed after 12/31/83 | Yes[b] | Yes |
| Medicare | Yes | Yes |
| Annual leave | Yes | Yes |
| Sick leave | Yes | Yes |
| Paid holidays | Yes | Yes |
| Unemployment compensation | Yes | Yes |
| Workers compensation | Yes | Yes |

[a]The table depicts the general eligibility for participation in benefit programs. There are exceptions. For example, permanent employees who accept temporary appointments can retain their health insurance coverage. Other personnel practices also differ for temporary employees. They are not eligible for merit promotions in their temporary positions and cannot receive long-term training. Neither can white collar temporary employees receive within grade pay increases available to blue collar temporary and all permanent employees for continued satisfactory performance.

[b]In general, permanent employees hired before January 1, 1984, are covered by the Civil Service Retirement System and do not have Social Security coverage from their government employment. Permanent employees hired after December 31, 1983, are under the Federal Employees Retirement System, which includes Social Security coverage.

## How Are Temporary Employees Being Used by the Puget Sound Naval Installations?

The Puget Sound Naval Shipyard in Bremerton, the Trident Refit Facility (Bangor), and the Naval Undersea Warfare Engineering Station (Keyport) listed 1,726 temporary employees in employment reports prepared in October and November 1987, the latest available at the time of our field work. The Shipyard, where we focused our review as requested, had the largest number of permanent and temporary employees and also the highest percentage of temporary employees among the three installations.

Table I.2 shows the number of temporary and permanent employees at each of the three installations.

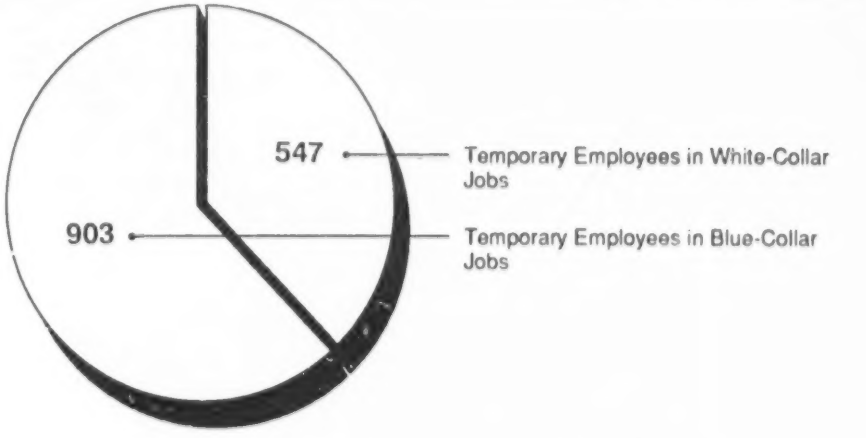
**Table I.2: Number and Percent of Temporary Employees at the Three Installations in October/November 1987**

| Facility | Permanent | Temporary | Total | Percent temporary |
|---|---|---|---|---|
| Shipyard | 10,827 | 1,479 | 12,306 | 12.0 |
| Bangor | 2,198 | 171 | 2,369 | 7.2 |
| Keyport | 3,212 | 76 | 3,288 | 2.3 |
| **Total** | **16,237** | **1,726** | **17,963** | **9.6** |

## Types of Positions Held by Temporary Employees at the Shipyard

The Shipyard's records showed its use of temporary employees in a wide variety of positions. As figure I.1 shows, 903 of the Shipyard's temporary employees (62 percent) were blue-collar workers most often used as electricians, shipfitters, pipefitters, and welders. The remaining 547 (38 percent) were white-collar workers most often used as clerk-typists, guards, industrial specialists, and engineering technicians.

**Figure I.1: Blue-Collar and White-Collar Temporary Employees at Puget Sound Naval Shipyard, November 1987**




NOTE: Information is based on a computer run covering 1,450 of the 1,479 temporary workers at the Shipyard as of November 17, 1987. The job type for the remaining 29 employees could not be determined.

## Blue-Collar Positions

The 903 temporary blue-collar employees at the Shipyard were in about 40 different occupations. Over 50 percent were electricians, shipfitters, pipefitters, and welders. Table I.3 shows the types and numbers of temporary blue-collar employees at the Shipyard.

**Table I.3: Types of Blue-Collar Positions Held by Temporary Employees at the Shipyard, November 1987**

| Type of position | Number of temporary employees | Percentage of temporary employees |
|---|---|---|
| Electrician | 133 | 14.7 |
| Shipfitter | 133 | 14.7 |
| Pipefitter | 115 | 12.7 |
| Welder | 84 | 9.3 |
| Marine machinery mechanic | 77 | 8.5 |
| Insulator | 50 | 5.5 |
| Motor equipment operator | 33 | 3.7 |
| Equipment cleaner | 31 | 3.4 |
| Painter | 28 | 3.1 |
| Sheet metal mechanic | 26 | 2.9 |
| Machinist | 22 | 2.4 |
| Sandblaster | 22 | 2.4 |
| Tools and parts attendant | 20 | 2.2 |
| Rigger | 20 | 2.2 |
| Electronics mechanic | 11 | 1.2 |
| Wood crafter | 11 | 1.2 |
| Laborer | 9 | 1.0 |
| Molder | 8 | 0.9 |
| Stationary engine operator | 8 | 0.9 |
| Warehouse worker | 8 | 0.9 |
| Student aide | 8 | 0.9 |
| Testing equipment operator | 7 | 0.8 |
| Oiler and greaser | 6 | 0.7 |
| Other (5 or fewer employees each) | 33 | 3.7 |
| **Total** | **903** | **100.0[a]** |

[a]Column does not total to 100 percent because of rounding

## White-Collar Positions

The 547 temporary white-collar employees at the Shipyard were in about 30 different occupations. Over 50 percent were clerk-typists, guards, industrial specialists, and engineering technicians. Table I.4 shows the types and numbers of temporary white-collar employees.

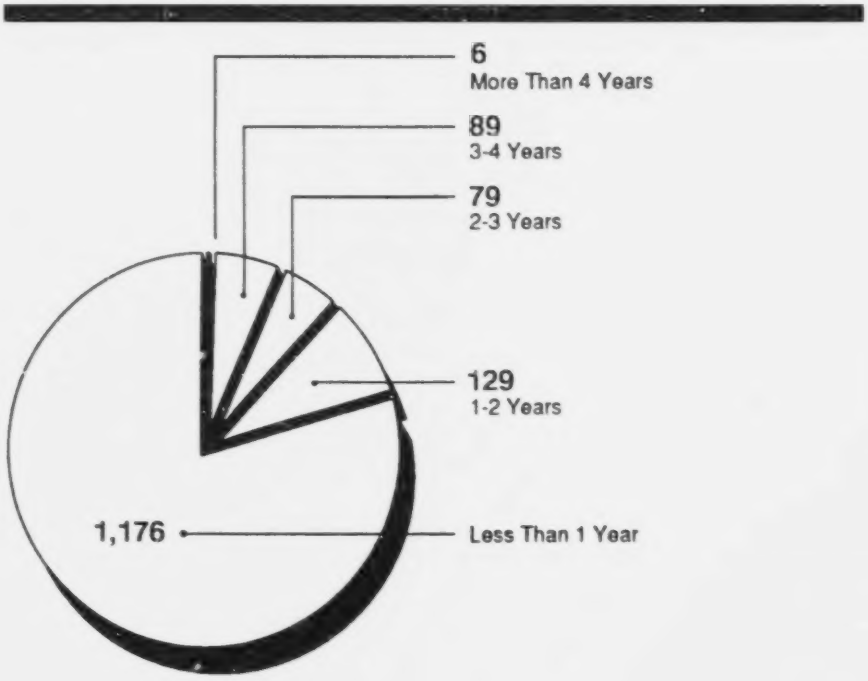
Table I.4: Types of White-Collar Positions Held by Temporary Employees at the Shipyard, November 1987

| Type of position | Number of temporary employees | Percentage of temporary employees |
|---|---|---|
| Clerk-typist | 103 | 18.8 |
| Guard | 73 | 13.3 |
| Industrial specialist | 54 | 9.9 |
| Engineering technician | 51 | 9.3 |
| Engineer | 32 | 5.9 |
| Mail/file clerk | 32 | 5.9 |
| Student aide | 29 | 5.3 |
| Electronics technician | 27 | 4.9 |
| Physical science technician | 25 | 4.6 |
| Supply clerical & technician | 24 | 4.4 |
| Naval architect | 11 | 2.0 |
| Police | 11 | 2.0 |
| Personnel clerk | 10 | 1.8 |
| Secretary | 9 | 1.6 |
| Voucher examiner | 8 | 1.5 |
| Computer aide | 8 | 1.5 |
| Clerk—other | 7 | 1.3 |
| Other (five or fewer employees each) | 33 | 6.0 |
| **Total** | **547** | **100.0** |

## Length of Temporary Employment at the Shipyard

Figure I.2 shows that about 80 percent of the temporary workforce at the Shipyard in November 1987 had been employed for less than a year. Of the remaining 20 percent, most had been employed from 1 year to 4 years. Six temporary employees had held their jobs for over 4 years. At Bangor and Keyport, no temporary employees had worked over 4 years as of the October/November 1987 time period.

Figure I.2: Length of Service of Temporary Employees at Puget Sound Naval Shipyard, November 1987




## Trends in Temporary Employment at the Shipyard

Shipyard officials said that a fluctuating workload for overhauling and repairing all types of naval vessels has required corresponding changes in the number of temporary and permanent employees. Between 1983 and late 1987, the number of temporary employees at the Shipyard fluctuated from 1,329 in 1983 to a low of 496 in 1986 to 1,479 as of November 17, 1987.

Shipyard officials said temporary employees are used when workloads are fluctuating because they can be quickly hired and terminated. Our analysis of the Shipyard's employment and workload trends indicated that the number of temporary employees generally corresponded with workload levels during 1983 to 1988. However, between 1984 and 1985, the workload rose while the number of temporary employees dropped and the number of permanent employees increased. Shipyard officials explained that about 600 temporary employees were converted to permanent positions during that period of workload growth. They said the workload then began to decline, and the number of permanent employees was reduced through attrition.

Officials at Keyport and Bangor said their workloads were generally more stable than the Shipyard's. They said they used temporary employees to help deal with uncertain funding.

## Are the Navy Installations Complying With Temporary Employment Requirements?

We found that the Shipyard did not fully comply with OPM requirements on the employment of temporary workers, but the Bangor and Keyport installations did comply. Specifically, the Shipyard (1) cited competition with other shipyards as part of its reason for employing temporary employees and (2) improperly kept some workers on temporary status for longer than 4 years. According to OPM officials, neither action is consistent with the intent of the temporary appointment authority. Shipyard officials said they were unaware that their actions did not comply with OPM requirements. OPM officials acknowledged that OPM guidance in both of these areas was unclear and that a revision clarifying the authority was planned for issuance in December 1988.

### Improper Reason Given for Hiring Temporary Employees

Shipyard officials said their reason for using large numbers of temporary employees was to have the flexibility to adjust their workforce in conjunction with workload changes and thereby help the Shipyard to remain competitive with other shipyards. Adjusting to workload changes is an acceptable use of temporary employees under OPM guidelines. However, OPM officials said competition is not an appropriate basis for their use. They said it is improper to save money simply by using temporary appointments to avoid employee benefit costs, but they acknowledged that OPM guidance was not clear on this matter because it leaves the use of temporary appointments to the discretion of the agencies and does not give any examples of inappropriate use. It was not apparent to what extent the Shipyard was influenced by competition considerations in its use of temporary appointments.

### Improper Procedures Used to Extend Temporary Workers Beyond 4 Years

As previously discussed, six Shipyard workers held continuous temporary jobs longer than 4 years. Of the six,

- four were extended into their fifth year in the same position; and
- two were extended into their fifth year, but their continuous temporary work time was in more than one position.

Shipyard officials said that the six temporary employees were all continued in their positions by the use of more than one appointment authority rather than repeated extensions of the initial appointment.

They believed reappointments to be the proper procedure and that a new or different appointment authority restarted the 4-year clock. Therefore, Shipyard officials did not ask OPM for approval to extend any of the six temporary employees. However, when we told them of OPM's position, Shipyard officials said they misunderstood the guidance and that they would take appropriate action to effect a more accurate calculation of a temporary employee's length of service to prevent any recurrence of the misunderstanding.

OPM officials told us that they consider to be improper the use of a temporary employee in a continuing position for over 4 years, regardless of different appointment authority, without requesting prior OPM approval. OPM officials said that OPM regulations were not clear on how to calculate the length of service when temporary employee positions are extended.

Table I.5 highlights key information about the six temporary employees who had greater than 4 years in service as of November 17, 1987. All six were male, ranging in age from 27 to 61. Three of the six were welders. The six employees received from 6 to 11 temporary appointments and extensions each, and the total time they spent in continuous temporary employment ranged from 4 years and 3 months to 4 years and 8 months. Two of the six had earlier served in temporary positions at the Shipyard before their current period of continuous temporary employment.

**Table I.5: Summary Information About Temporary Employees Serving Longer Than 4 Years**

| | Case 1 | Case 2 | Case 3 | Case 4 | Case 5 | Case 6 |
|---|---|---|---|---|---|---|
| Age | 33 | 35 | 32 | 49 | 27 | 61 |
| Sex | Male | Male | Male | Male | Male | Male |
| Job(s) | Welder | Welder | Firefighter<br>Motor vehicle operator[a] | Welder | Time/leave clerk<br>Accounting technician[b] | Engineering technician |
| Date of first appointment | 9/81 | 8/81 | 5/83 | 6/83 | 8/83 | 5/83 |
| Total time spent as a temporary since first appointment | 5 yrs. & 10 mos. | 6 yrs. & 3 mos. | 4 yrs. & 6 mos. | 4 yrs. & 5 mos. | 4 yrs. & 3 mos. | 4 yrs. & 6 mos. |
| Length of continuous time as a temporary as of 11/17/87 | 4 yrs. & 8 mos. | 4 yrs. & 8 mos. | 4 yrs. & 6 mos. | 4 yrs. & 5 mos. | 4 yrs. & 3 mos. | 4 yrs. & 6 mos. |
| Total number of appointments/ extensions during continuous employment | 11 | 11 | 6 | 10 | 6 | 6 |

[a]Firefighter for 7 months, motor vehicle operator for 3 years and 11 months.

[b]Time/leave clerk for 3 years, accounting technician for 1 year and 3 months.

The following circumstances for case 2 illustrate how the process typically worked in the six cases.

The employee began working as a welder under a temporary appointment at the Shipyard in August 1981 and was intermittently employed for 15 months. His tasks were identical to those of a comparably graded permanent employee. After a break in service of about 4 months, he was again given a temporary appointment and, as of November 17, 1987, had been continuously employed as a welder for 4 years and 8 months. The Shipyard used 11 actions—either appointments or extensions of them—to continue him in his temporary position during this continuous time period. These actions were mostly for 3 months or less, and only four were for 6 months to 1 year. He was furloughed on September 6, 1986, for over 5 months for the reason "lack of work." However, according to OPM, the furlough was not a separation. Therefore, the 5 months on furlough counted towards his overall time as a temporary employee. Each of his appointment forms properly showed his ineligibility for federal insurance and retirement programs.

## OPM's Planned Changes to the Guidelines

Acknowledging that they needed to clarify guidance for appointing and extending temporary employees, OPM officials said they were studying revisions intended to clarify temporary employment requirements in two respects:

- The revised guidelines will cite examples of acceptable and unacceptable reasons for temporary appointments. The guidelines will say competition is not an acceptable basis for using the temporary appointment authority.
- The guidelines will clarify for agencies how to calculate the length of service to prevent keeping employees continuously in temporary positions for more than 4 years without OPM approval.

OPM officials said that the entire Federal Personnel Manual is being revised, with issuance expected in December 1988. They said the temporary appointment/extension revisions will be incorporated in the rewritten Manual.

## Sources for Health Insurance: Union-Sponsored Programs and Proposed Navy Program

Two employee unions at the Shipyard and unions at the Bangor and Keyport installations have life, dental, and health insurance plans that are available to temporary workers who are union members. According to union officials, the plans are less expensive than individual plans the employees could buy. The union-sponsored plans require the payment of union dues plus the full cost of the health insurance. As an example, a temporary single employee working as a WG-10 (step 3) at the Shipyard and earning $26,500 per year would pay union dues of about $269 and health insurance premiums of about $905 annually.

Department of Navy officials said the Navy intends to pilot a nationwide program that will provide group health insurance coverage for temporary workers. They did not have estimates of the amount that employees would pay under the program, although the workers would pay the full cost of the health benefits. Navy officials also said that the cost would be less than a union-sponsored program because union dues would not have to be paid. Separate ongoing Department of Defense (DOD) studies on its temporary workforce requirements—including benefits considerations—were discussed at a March 2, 1988, hearing before the Defense Subcommittee of the House Appropriations Committee. However, the DOD witnesses did not say when the studies would be completed.

We did not review the degree to which temporary employees at any of the three installations participate in union-sponsored programs or might participate in the planned Navy program. However, in reviewing the cases of the six temporary employees at the Shipyard who held continuous appointments beyond 4 years, we asked each employee whether he had some form of medical or dental health insurance for himself or family members. One did not. The other five said they did: one had medical benefits as a retired government employee, two purchased health insurance through a union plan, one purchased a private health insurance plan for his spouse and child only, and one purchased only dental insurance through the union. Five of the six said they would be interested in a government-sponsored program like that available to permanent employees in which the cost is shared with the employee; or the Navy pilot program, for which the employee will pay the total cost.

## How Are Temporary Employees Notified About Limitations on Their Employment and Benefits?

OPM regulations require federal agencies to notify temporary employees about the length and conditions of their appointments. Our review showed that the personnel offices at each of the three installations exercised reasonable means to comply with OPM guidance. We reviewed each installation's procedures and examined the personnel files of 33 temporary employees who had the longest service as temporary employees at the three installations. Overall, we found the following:

- All three installations properly noted the conditions of their temporary employees' appointments on the appropriate documents. Each used the OPM required Notification of Personnel Action (SF-50), a copy of which was required to be provided to the employee for his or her records. The forms we reviewed clearly indicated the nature of the appointment (the length and occupation) and the fact that the temporary worker was not eligible to receive certain benefits. For example, typical notations on the forms we reviewed stated that the employees were ineligible to participate in the federal health insurance, life insurance, and retirement programs.
- At the Shipyard, before appointment, candidates for temporary positions are sent a letter from the personnel office detailing the nature of the position. This letter advises them of the temporary nature of their jobs, the types of benefits they will receive, and the types of benefits they will not receive. This letter is very clear as to the temporary worker's employment status and benefits entitlement.
- Additional steps are also taken at Bangor and Keyport to ensure that temporary employees understand the limitations in benefit program coverage. A Bangor official said they use a briefing session to advise temporary employees about benefits. Keyport officials use a checklist to brief temporary employees about the benefits they will and will not receive. After the briefing, the employee is asked to sign and date the checklist, indicating that the session took place and that the employee understood the conditions of employment.

We also asked the Shipyard's six employees who had been employed in temporary positions for longer than 4 years about the notifications they had received. They told us they were generally aware of their temporary status and lack of benefits, such as life and health insurance and retirement. In addition, at the time of each reappointment the employees were given a copy of the SF-50, which stated their ineligibility for life and health insurance and retirement and indicated their temporary status.

# Related GAO Products

Federal Workforce: New Authority to Make and Extend Temporary Appointments (GAO GGD-86-111BR, July 28, 1986).

Federal Workforce: Views on Need to Offer Health Insurance to Temporary Employees (GAO GGD-86-78FS, June 4, 1986).

Benefit Practices for Permanent and Temporary Federal Employees (GAO GGD-85-54, June 10, 1985).

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